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CORPORATION FILE

# McCormy

**STORES  
CORPORATION**



**ANNUAL  
REPORT**



Directors

R. F. COPPEDGE (1934), *Chairman*  
RANDOLPH CATLIN (1937)   A. J. FINK (1936)   FRANK J. HUMPHREY, JR. (1951)  
N. BAXTER JACKSON (1936)   HARRY O. LATHAM (1944)   WILLIAM L. LESS (1948)  
F. W. PAUL (1945)   LAURENCE W. SIMONDS (1954)   EUGENE W. STETSON (1941)  
LEONARD SPANGENBERG (1946)

Executive Committee

LEONARD SPANGENBERG, *Chairman*  
R. F. COPPEDGE                      A. J. FINK                      HARRY O. LATHAM  
EUGENE W. STETSON                      F. W. PAUL

Officers

R. F. COPPEDGE, (1931) *Chairman of the Board of Directors*  
F. W. PAUL (1925) ..... *President*  
R. A. VROOM (1922) ..... *Vice President*  
M. O. HILL (1920) ..... *Vice President*  
L. C. SHOCKLEY (1928) ..... *Vice President*  
T. C. LAWRENCE (1945) ..... *Financial Vice Pres. & Secretary-Treasurer*  
C. R. PURDON (1929) ..... *Comptroller*  
Dates indicate year of election to Board of Directors and year of employment of Officers.

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**General Counsel** ..... *Sullivan & Cromwell, New York, N. Y.*  
**Auditors** ..... *S. D. Leidesdorf & Co., New York, N. Y.*  
**Transfer Agent** ..... *Guaranty Trust Company of New York*  
**Registrar**  
    **Common Stock** ..... *Bankers Trust Company, New York, N. Y.*  
    **Preferred Stock** ..... *Chemical Corn Exchange Bank, New York, N. Y.*  
**General Office** ..... *1107 Broadway, New York, N. Y.*



February 10, 1955

*To The Stockholders:*

Sales of the McCrorry Stores Corporation for the year 1954 amounted to \$103,856,368, representing a decrease of less than 1% from the sales of 1953.

Net earnings for 1954 after Federal Taxes amounted to \$3,065,621 or \$1.25 per share of Common Stock and compares with \$1.44 per share (after excluding 1953 gain on sale of physical assets of .06 per share) in 1953. Dividends paid on Common Stock during the year 1954 amounted to \$1.05 per share.

The operations for 1954 reflect in part the cost of conversion of the variety store to the principle of self-service and its acceptance by the buying public. At December 31, 1954, the company had in operation 24 complete self-service units with plans to open 20 self-service units during 1955. The capital out-lay of these self-service units amounted to \$1,240,000 or 64% of the capital expenditures for 1954 of \$1,928,788.

The public acceptance of the self-service variety store has sparked a major expansion program in the remodeling of stores that will take several years to complete. At the present time, all new stores that are scheduled for opening in 1955, will be designed for self-service. At this stage of development, it would seem that the only variety store not adaptable to self-service is the store where volume in excess of a million is anticipated and where the selling space is broken up and spread over more than one floor.



In addition to the conversion of 16 stores to self-service during the year, the Company built six new stores in 1954, five of which replaced former stores of inadequate size and operation. Two small stores were closed and the store at Easton, Maryland was destroyed by fire.

Improvements to physical properties for 1955, including new and remodeled stores, are estimated to cost not in excess of \$3,000,000.

The following is a brief summary of our new store building program:

1954 — New Stores opened

Scottsdale, Pa.	Waynesboro, Pa.
Palatka, Fla.	Wichita Falls, Texas
Orange, N. J.	Flushing, N. Y.

1955 — New Stores to be opened

Baton Rouge, La.	Baltimore, Md.
Edwardsville, Pa.	Natchez, Miss.
Easton, Md.	

The variety store has been accepted by the suburbanite as a welcome addition to expanding retail shopping areas. The company, while not overlooking any opportunity to expand its activities in downtown districts has also sought out and is presently negotiating for additional locations in growing suburban communities.

During the past year the Company financed its heavy fall inventory with short term bank loans which were repaid after Christmas. As this year's working capital will be pinched by the acceleration and pre-payment of Federal Income Taxes, it is anticipated that the Company will finance both spring and fall inventories with short term bank loans.

Working capital at December 31, 1954 amounted to \$13,442,946. The statement below reflects the major items making up working capital, indicating how the funds were provided and their disposition.

### WORKING CAPITAL

CURRENT ASSETS	1954	1953
Cash .....	\$ 5,395,751	\$ 6,113,996
Merchandise Inventory .....	15,233,446	15,265,462
Accounts Receivable .....	156,074	100,064
	<u>\$20,785,271</u>	<u>\$21,479,522</u>
Less Current Liabilities (Net) .....	7,342,325	8,544,825
WORKING CAPITAL .....	<u>\$13,442,946</u>	<u>\$12,934,697</u>

### STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

ADDITIONS TO WORKING CAPITAL:	1954	1953
Net income .....	\$ 3,065,621	\$ 3,627,277
Amortization and depreciation .....	1,559,925	1,477,218
	<u>\$ 4,625,546</u>	<u>\$ 5,104,495</u>
DEDUCTIONS FROM WORKING CAPITAL:		
Cash Dividends on Preferred and Common Stock .....	\$ 2,604,693	\$ 2,718,745
Capital Assets (expenditures for new and remodeled stores, etc. — Net) .....	1,928,788	3,018,925
Accounts Receivable — Noncurrent .....	(300,000)	300,000
Decrease in deferred charges, etc. ....	(116,184)	( 42,606)
	<u>\$ 4,117,297</u>	<u>\$ 5,995,064</u>
NET INCREASE IN WORKING CAPITAL .....	<u>\$ 508,249</u>	<u>\$ (890,569)</u>

It is a pleasure to acknowledge, on behalf of the Board of Directors, the continuing loyalty and support of all members of our organization during the past year.

—BY ORDER OF THE BOARD OF DIRECTORS

*R. F. Coppedge*

R. F. COPPEDGE, Chairman

*F. W. Paul*

F. W. PAUL, President

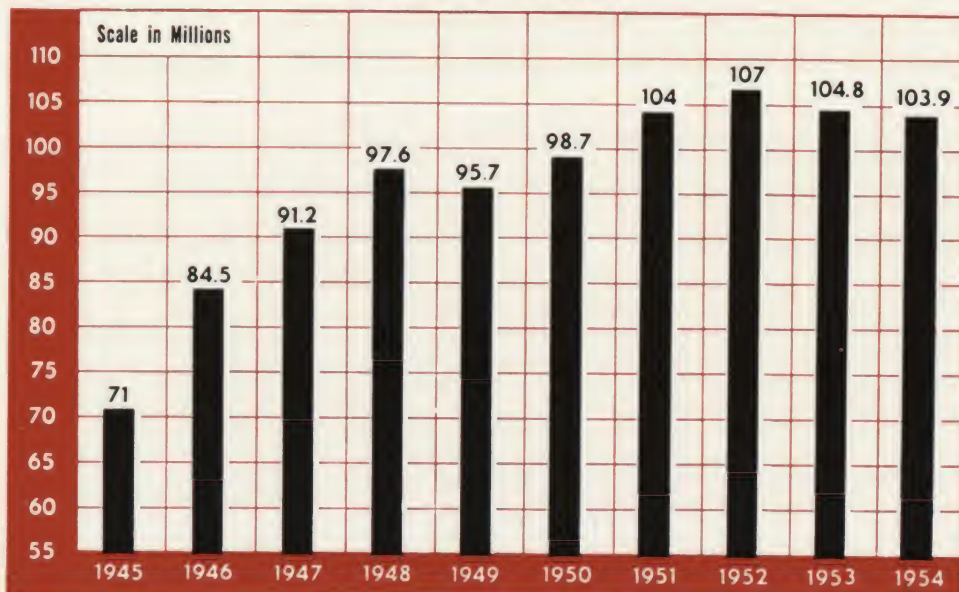
*The Story in Brief*

	1954	1953
Sales .....	\$103,856,368	\$104,787,105
Number of Stores .....	210	211
Average Sales per Store .....	494,554	496,621
Employees Compensation and Pension Costs (Including Payroll Taxes) .....	19,444,849	19,289,588
Net Earnings .....	3,065,621	3,627,277
Earned per Share .....	1.25	1.44*
Dividends per Share .....	1.05	1.10
Taxes per Share (Federal, State and Local) ..	1.61	1.80
Net Additions to Fixtures and Improvements ..	1,928,788	3,018,925
Working Capital .....	13,442,946	12,934,697
Current Ratio .....	2.83	2.51
Net Worth per Share .....	14.64	14.44
Number of Stockholders .....	8,427	7,249

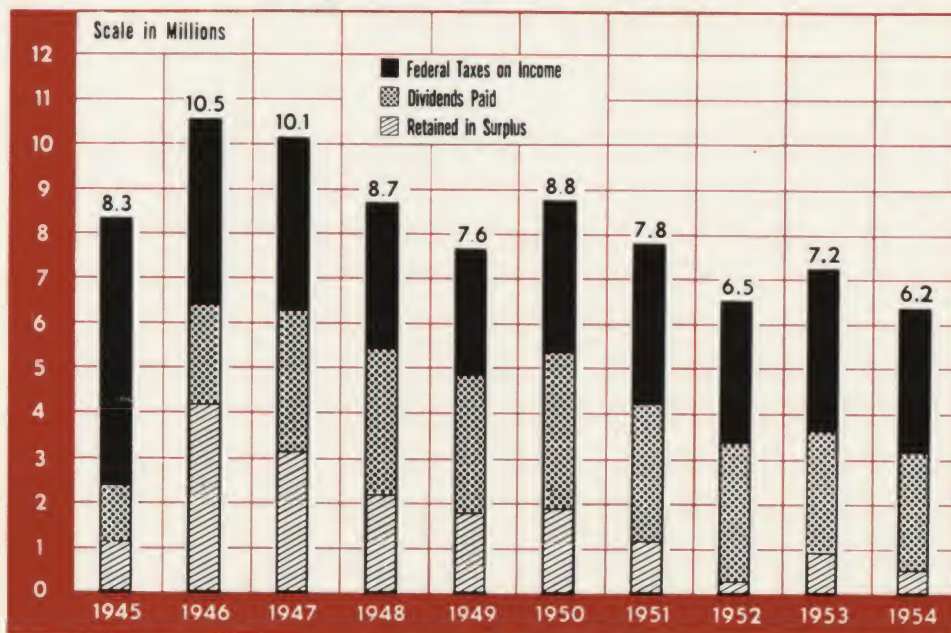
\*Not including gain on sale of physical assets of .06 per share.



### Annual Sales



### Disposition of Income





TO THE BOARD OF DIRECTORS  
McCRORY STORES CORPORATION  
NEW YORK, N. Y.

We have examined the balance sheet of McCrory Stores Corporation as at December 31, 1954 and the related statement of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and earned surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation at December 31, 1954, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

*Certified Public Accountants*

New York, N. Y.  
February 10, 1955

## McCrory Stores

### BALANCE SHEET as at D

#### ASSETS

CURRENT ASSETS:	1954	1953
Cash on hand, in banks and in transit .....	\$ 5,395,751	\$ 6,113,996
Merchandise inventories—Note A .....	15,233,446	15,265,462
Miscellaneous accounts receivable, less reserve .....	156,074	100,064
Total Current Assets .....	<u>\$20,785,271</u>	<u>\$21,479,522</u>
ACCOUNT RECEIVABLE—Noncurrent .....	—	<u>\$ 300,000</u>
<b>FIXED ASSETS:</b>		
Real estate, at adjusted value December 31, 1936 and subsequent additions at cost .....	\$ 6,377,305	\$ 6,217,886
Furniture and fixtures, equipment and utensils, at cost .....	13,984,852	13,185,899
Improvements to leased property, at adjusted value January 1, 1936 and subsequent additions at cost .....	17,161,157	16,850,475
	<u>37,523,314</u>	<u>36,254,260</u>
Less: Reserves .....	12,450,432	11,487,599
Total Fixed Assets .....	<u>\$25,072,882</u>	<u>\$24,766,661</u>
<b>DEFERRED CHARGES:</b>		
Prepaid rents, insurance, taxes, store supplies, etc. ....	\$ 869,964	\$ 923,506
	<u>\$46,728,117</u>	<u>\$47,469,689</u>

#### NOTES TO FINANCIAL STATEMENTS

Financial statements as at or for the year ended December 31, 1953 are included for comparative purposes only.

##### Note A—

Merchandise at stores:	1954	1953
Inventories at the lower of cost or market based upon the retail method of inventory valuation .....	\$12,014,946	\$11,873,118
Inventories at cost—restaurants .....	86,640	106,780
Merchandise at warehouses—at cost .....	966,986	923,635
Merchandise in transit—at cost .....	2,164,874	2,361,929
	<u>\$15,233,446</u>	<u>\$15,265,462</u>

##### Note B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation, in whole or in part, at \$104 per share, plus accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price and in the event of involuntary liquidation is entitled to \$100 per share and accrued dividends.

## COMPARATIVE BALANCE SHEET

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## res Corporation

December 31, 1954 and 1953

## LIABILITIES

CURRENT LIABILITIES:	1954	1953
Accounts payable—including merchandise in transit .....	\$ 3,461,818	\$ 4,031,496
Accrued expenses, taxes, rents, salaries, etc. ..	3,464,898	3,682,450
Reserve for Federal taxes on income .....	3,415,609	3,830,879
Less: U. S. Treasury notes .....	(3,000,000)	(3,000,000)
Total Current Liabilities .....	<u>\$ 7,342,325</u>	<u>\$ 8,544,825</u>
CAPITAL STOCK AND SURPLUS — Notes B, C and D:		
Preferred Stock — par value \$100.00 per share:		
Authorized .....	80,000 shares	
3½% Series—Cumulative Convertible		
Outstanding .....	59,893 shares	
	\$ 5,989,300	\$ 5,989,300
Common Stock—par value \$.50 per share:		
Authorized .....	2,800,000 shares	
Issued and outstanding .....	2,281,017 shares	
	1,140,508	1,140,508
Capital Surplus (no change during the year) ..	7,723,474	7,723,474
Earned Surplus (since January 1, 1936) .....	24,532,510	24,071,582
	<u>\$39,385,792</u>	<u>\$38,924,864</u>
	<u>\$46,728,117</u>	<u>\$47,469,689</u>

## IAL STATEMENTS

## Note C—

Of the total of 2,800,000 shares of Common Stock authorized 299,465 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

## Note D—

Pursuant to certain restrictions in connection with the authorization of the 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1954 in the approximate amount of \$16,200,000 is not available for dividends on the Common Stock.

## GENERAL—

At December 31, 1954 the minimum annual rentals upon property leased to the Corporation under 261 leases expiring after December 31, 1957 amount to approximately \$3,600,000, plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to final determination of Federal and state taxes.



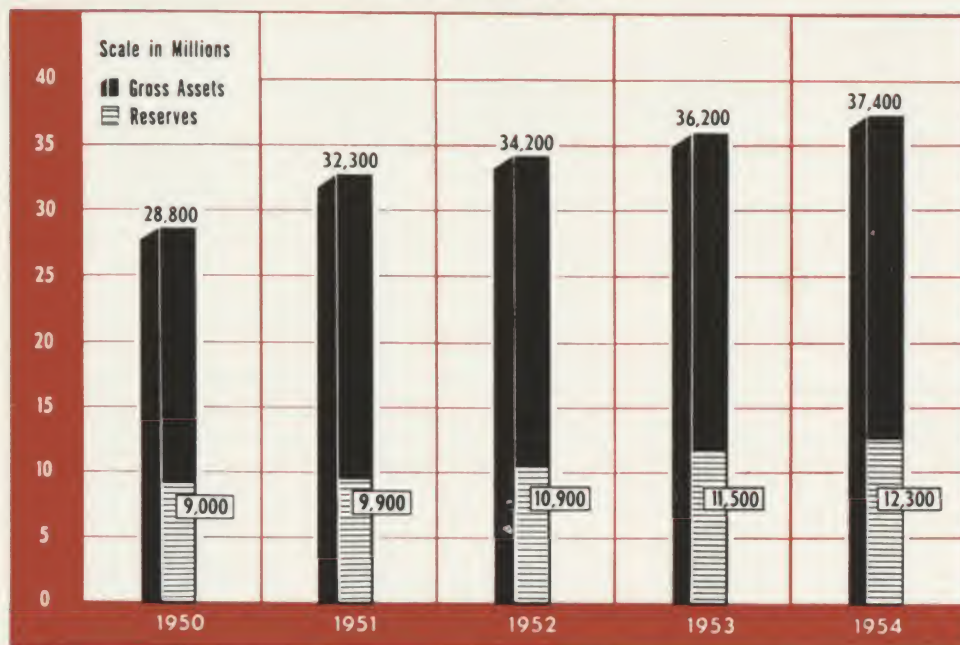
## Statement of Income and Earned Surplus

For the Years Ended December 31, 1954 and 1953

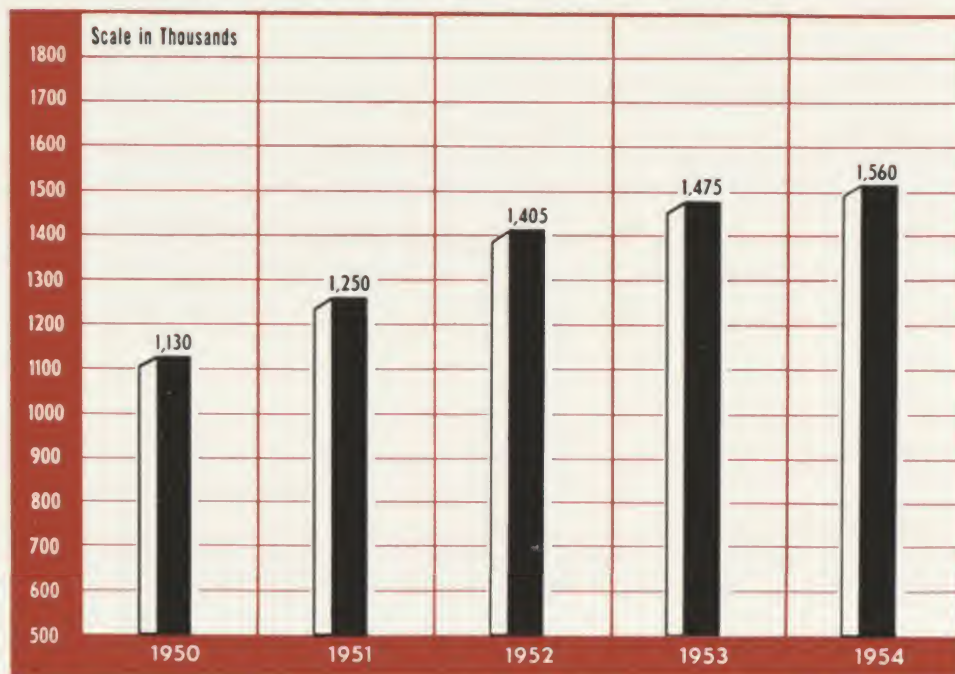
	1954	1953
SALES (merchandise, restaurant and concession) .	\$103,856,368	\$104,787,105
<b>COST OF GOODS SOLD AND OPERATING EXPENSES</b>		
(including occupancy and general and administrative expenses) . . . . .	96,055,507	96,178,740
	<u>7,800,861</u>	<u>8,608,365</u>
<b>OTHER INCOME:</b>		
Income from sale of property . . . . .	—	155,328
Miscellaneous income, less other deductions . . . . .	(35,315)	(84,198)
	<u>(35,315)</u>	<u>71,130</u>
Net income before depreciation, amortization and Federal taxes on income . . . . .	7,765,546	8,679,495
Depreciation and amortization . . . . .	<u>1,559,925</u>	<u>1,477,218</u>
Net income before Federal taxes on income . . . . .	6,205,621	7,202,277
Provision for Federal taxes on income . . . . .	<u>3,140,000</u>	<u>3,575,000</u>
<b>NET INCOME</b> . . . . .	3,065,621	3,627,277
<b>EARNED SURPLUS (since January 1, 1936) as at</b>		
December 31, 1953 and 1952 . . . . .	24,071,582	23,163,050
	<u>27,137,203</u>	<u>26,790,327</u>
<b>Dividends paid on:</b>		
Common Stock 1954—\$1.05 per share . . . . .	2,395,067	—
1953—\$1.10 per share . . . . .	—	2,509,119
Preferred Stock . . . . .	209,626	209,626
	<u>2,604,693</u>	<u>2,718,745</u>
<b>EARNED SURPLUS (since January 1, 1936) as at</b>		
December 31, 1954 and 1953—Note D . . . . .	<u>\$ 24,532,510</u>	<u>\$ 24,071,582</u>

The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

## Fixed Assets



## Depreciation and Amortization





### Ten Year Summary

(In thousands of dollars)

	1954	1953	1952
SALES .....	\$103,856	\$104,787	\$106,987
Cost of Sales, including occupancy expenses ..	70,580	71,192	73,286
Selling, general and administrative expenses ..	25,475	24,987	25,771
Depreciation and amortization .....	1,560	1,477	1,405
Other Income, less other deductions .....	(35)	71	(22)
NET INCOME Before Federal Taxes .....	6,206	7,202	6,503
Federal Taxes on Income .....	3,140	3,575	3,175
NET INCOME .....	\$ 3,066	\$ 3,627	\$ 3,328
Cash Dividends on Preferred Stock .....	210	210	210
Cash Dividends on Common Stock .....	2,395	2,509	2,851
*Net Income per share of Common Stock .....	1.25	1.50	1.37
*Cash Dividends per share of Common Stock ...	1.05	1.10	1.25
Number of Stores .....	210	211	211

### Financial Position—

	1954	1953	1952
WORKING CAPITAL			
Current Assets			
Cash and U.S. Government Securities .....	\$ 5,396	\$ 6,114	\$ 7,501
Merchandise Inventories .....	15,233	15,266	13,805
Miscellaneous Accounts Receivable .....	156	100	36
Total Current Assets .....	20,785	21,480	21,342
Current Liabilities .....	7,342	8,545	7,517
WORKING CAPITAL .....	13,443	12,935	13,825
OTHER ASSETS			
Account Receivable — Noncurrent .....	—	300	—
Deferred Charges, etc. ....	870	923	924
Fixed Assets, Less Reserves for Depreciation and Amortization .....	25,073	24,767	23,267
	39,386	38,925	38,016
OTHER LIABILITIES			
Long Term Debt .....	—	—	—
NET ASSETS .....	\$ 39,386	\$ 38,925	\$ 38,016
Represented by			
Preferred Stock .....	\$ 5,990	\$ 5,990	\$ 5,990
Common Stock and Surplus ..	33,396	32,935	32,026
	\$ 39,386	\$ 38,925	\$ 38,016
*NET WORTH PER SHARE OF COMMON STOCK ...	\$ 14.64	\$ 14.44	\$ 14.04

\*Number of shares of Common Stock has been adjusted to reflect 2 for 1 split during April 1951.



# TEN YEAR SUMMARY

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## Statement of Income

1951	1950	1949	1948	1947	1946	1945
\$104,222	\$98,665	\$95,767	\$97,588	\$91,225	\$84,509	\$71,282
71,011	66,140	65,137	66,088	61,336	56,645	48,182
24,378	22,930	22,249	22,139	19,569	16,999	14,060
1,252	1,130	951	746	674	651	667
248	340	156	74	407	324	(91)
7,829	8,805	7,586	8,689	10,053	10,538	8,282
3,740	3,540	2,755	3,200	3,750	4,000	5,910
\$ 4,089	\$ 5,265	\$ 4,831	\$ 5,489	\$ 6,303	\$ 6,538	\$ 2,372
210	210	210	210	210	205	225
2,851	3,135	2,850	3,193	3,022	2,280	995
1.70	2.21½	2.02½	2.31½	2.67	2.77½	1.00
1.25	1.37½	1.25	1.40	1.32½	1.00	.50
206	205	201	202	199	199	199

## December 31, 1945-1954

1951	1950	1949	1948	1947	1946	1945
\$ 8,778	\$ 8,642	\$10,876	\$12,195	\$15,003	\$15,632	\$14,197
13,372	15,678	11,407	11,379	11,908	8,271	5,131
744	96	48	114	190	101	189
22,894	24,416	22,331	23,688	27,101	24,004	19,517
8,628	8,464	6,754	6,782	9,098	6,811	7,517
14,266	15,952	15,577	16,906	18,003	17,193	12,000
—	—	—	—	—	—	—
1,097	968	909	1,142	1,133	1,124	809
22,387	19,800	18,316	14,983	11,809	10,744	10,285
37,750	36,720	34,802	33,031	30,945	29,061	23,094
—	—	—	—	—	72	—
\$ 37,750	\$36,720	\$34,802	\$33,031	\$30,945	\$28,989	\$23,094
\$ 5,990	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000
31,760	30,720	28,802	27,031	24,945	22,989	17,094
\$ 37,750	\$36,720	\$34,802	\$33,031	\$30,945	\$28,989	\$23,094
\$ 13.92	\$ 13.47	\$ 12.63	\$ 11.85½	\$ 10.94	\$ 10.08	\$ 8.24

### 210 McCrory Stores . . .

#### Arkansas (3)

Eldorado  
Fort Smith  
Jonesboro

#### Connecticut (1)

Danbury

#### Delaware (1)

Dover

#### Dist. of Col. (1)

Washington

#### Florida (39)

Arcadia  
Bartow  
Bradenton  
Clearwater  
Daytona Beach  
128 S. Beach St.  
814 Main St.  
Deland  
Fort Lauderdale  
Fort Myers  
Fort Pierce  
Gainesville  
Homestead  
Jacksonville  
Key West  
Kissimmee  
Lake City  
Lakeland

#### Fla. (cont.)

Leesburg  
Live Oak  
Melbourne  
Miami  
Miami Beach  
New Smyrna  
Ocala  
Orlando  
Palatka  
Panama City  
Plant City  
Punta Gorda  
Quincy  
Sanford  
Sarasota  
St. Augustine  
St. Petersburg  
425 Central Ave.  
3270 Central Ave.  
Tallahassee  
Wauchula  
West Palm Beach  
Winter Haven

#### Georgia (8)

Atlanta  
Bainbridge  
Columbus  
Cordele  
Savannah  
Tifton  
Valdosta  
Waycross

#### Indiana (2)

Anderson  
Indianapolis

#### Kentucky (2)

Louisville  
Lexington

#### Louisiana (3)

Lafayette  
New Orleans  
1626 Dryades St.  
1005 Canal St.

#### Maryland (8)

Baltimore  
Cambridge  
Crisfield  
Cumberland  
Easton  
Frederick  
Hagerstown  
Salisbury

#### Massachusetts (2)

New Bedford  
1115 Acushnet Ave.  
1009 S. Water St.

#### Mississippi (3)

Gulfport  
Jackson  
McComb

#### Missouri (1)

St. Louis

#### New Jersey (12)

Asbury Park  
Atlantic City  
Burlington  
Camden  
Clifton  
Jersey City  
Newark  
Orange  
Passaic  
Perth Amboy  
Rahway  
Union

#### New York (9)

Bay Shore, L. I.  
Brooklyn  
Flushing, L. I.  
Johnson City  
Long Island City  
New York City  
Niagara Falls  
Rego Park  
Syracuse

#### North Carolina (5)

Dunn  
Fayetteville  
Fort Bragg  
Roanoke Rapids  
Tarboro

## ... In Twenty-two States \*

**Ohio (9)**

Canton  
Cleveland  
Dayton  
East Liverpool  
Hamilton  
Kent  
Springfield  
Steubenville  
Youngstown

**Pennsylvania (55)**

Allentown  
Altoona  
Barnesboro  
Bethlehem  
Bradford  
Bristol  
Brookville  
Canonsburg  
Carlisle  
Carnegie  
Chambersburg  
Charleroi  
Chester  
Clearfield  
Connellsville  
Cresson  
Donora  
DuBois  
Ebensburg  
Emporium

**Pa. (cont.)**

Franklin  
Greensburg  
Hanover  
Homestead  
Huntingdon  
Indiana  
Johnstown  
Kane  
Lancaster  
Lebanon  
Lewistown  
Monongahela  
Mt. Pleasant  
Patton  
Philadelphia  
1205 Market St.  
919 Market St.  
Philipsburg  
Pittsburgh  
105 E. Ohio St.  
314 Fifth Avenue  
Portage  
Pottstown  
Punxsutawney  
Reading  
Reynoldsville  
Ridgway  
Scottdale  
Scranton  
Somerset  
Tyrone  
Vandergrift  
Waynesboro  
Waynesburg  
Wilkes-Barre  
Windber  
York

**South Carolina (8)**

Aiken  
Chester  
Columbia  
Gaffney  
Georgetown  
Greenwood  
Newberry  
Rock Hill

**Tennessee (5)**

Bristol  
Kingsport  
Morristown  
Oak Ridge  
Memphis

**Texas (14)**

Big Spring  
Corpus Christi  
Denton  
Fort Worth  
Galveston  
Hillsboro  
McAllen  
Nacogdoches  
Palestine  
San Antonio

**Texas (cont.)**

Taylor  
Terrell  
Waco  
Wichita Falls

**Virginia (8)**

Arlington  
Cape Charles  
Charlottesville  
Front Royal  
Harrisonburg  
Pulaski  
Staunton  
Winchester

**West Virginia (11)**

Charleston  
Clarksburg  
Fairmont  
Grafton  
Huntington  
Mannington  
Martinsburg  
Morgantown  
New Martinsville  
Parkersburg  
Wheeling

\*And the District of Columbia.

Stockrooms at New York, N. Y. and Huntingdon, Pa.



